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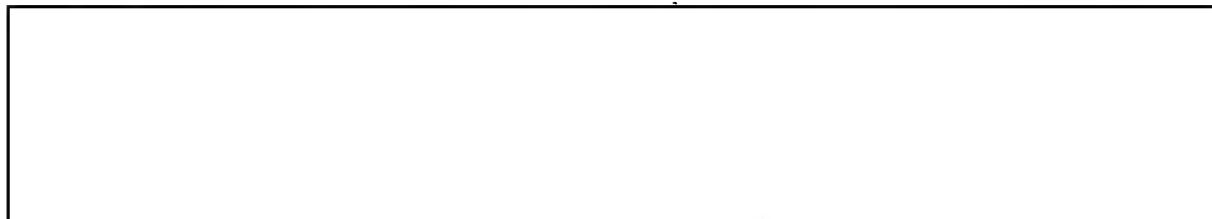
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WESTERN EUROPE

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SOUTHEAST ASIA

1. Laotian prince criticizes government's attitude toward Communists:

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Laotian crown prince Savang criticized the government of Premier Katay on 12 February for persisting in "useless negotiations" with the Communist-backed

Pathet Lao group while the Communists consolidate their control in the two northern provinces. He told the American minister in Vientiane that action should be taken within one month, by force if necessary, to restore royal authority over the disputed provinces.

The crown prince hinted he might bring about the fall of the Katay government by sanctioning opposition to the prime minister within the cabinet. Referring to Katay's recent trip to Thailand, the crown prince remarked that the Thais had made a serious mistake in throwing their weight behind Katay, first because his policies endanger Thailand as well as Laos, and second because Bangkok has alienated some other Laotian leaders with larger followings.

Comment: Katay's removal would probably not result in a sharp change in the Laotian government's vacillating policy toward the Pathet Lao. Pressure for some sort of compromise with this Communist-backed organization has come from many officials of the royal government, as well as from the Indians and Poles on the International Control Commission.

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NEAR EAST - AFRICA

3. Comment on new Syrian cabinet:

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Syria's new cabinet is a weak, heterogeneous coalition which may break up on the issue of co-operation with the West.

The cabinet, which was formed on 13 February, is headed by Sabri al Asali, who is considered friendly to the West and

who was prime minister for a month and a half after Shishakli was overthrown a year ago. The portfolios of foreign affairs and defense, however, are held by presidential aspirant Khalid al Azm, who represents a leftist, anti-Western grouping of independents, Arab Socialists and Communists.

This cabinet is such an unnatural coalition that it is not likely to last longer than its three predecessors of the last year. Its demise will only accentuate the growing conflict in Syria between pro-Western and anti-Western elements and invite interference by military commanders. This would probably result in a strong government unwilling to take positive pro-Western action.

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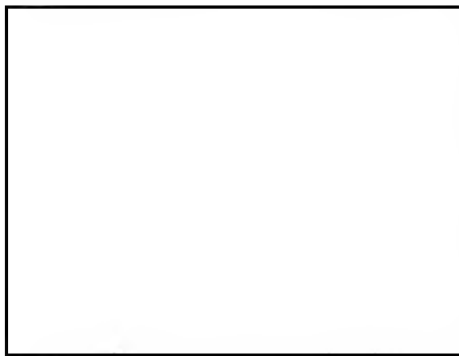
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EASTERN EUROPE

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4. Hungarians fear Malenkov's fall means end of new course liberalism:

The recent events in Moscow have strengthened the growing apprehension among the Hungarian population that the relaxation of domestic tensions associated with the new course is at an end, according to the American legation in Budapest. The public is already speculating that Premier Nagy, who has been closely associated with the policy of concessions to the man in the street, will be replaced, probably by party secretary Mihaly Farkas.

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Comment: No mention of Premier Nagy has been noted in the Hungarian press since 25 January. The new course emphasis on consumers' goods and agricultural production, which was strongly reiterated under Nagy's direction last October, has been played down since mid-January in favor of increased stress on the need for developing the heavy industrial base and improving labor discipline. Rakosi and Nagy were reported to have received instructions in Moscow in mid-January to follow this new policy.

Farkas, a former minister of defense, a politburo member and party secretary, would probably be the leading candidate for the position of premier if Nagy were removed.

WESTERN EUROPE

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5. Comment on Pineau's chances of forming a French government:

French Socialist Party leader Christian Pineau's chances of forming a government depend on his party's willingness to forego some of its rigid economic and

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social program. The Socialists used this program as an excuse to refuse to participate in the Mendes-France government.

Pineau will try to form a left-center coalition with the Radical Socialist and the Popular Republican blocs, but he will also need some Gaullist support. Some Radicals may find the Socialist domestic program hard to swallow, and the Gaullists probably regard him as "too European."

Pineau is a strong supporter of the Western alliance and as premier he could be expected to press the Council of the Republic to act favorably on the Paris accords. He would also probably continue Mendes-France's North African policy. While he would probably be less opposed to Vietnamese premier Diem than his predecessor, he could not be expected to change current French policy in regard to North Vietnam.

Should Pineau abandon his attempt, a Radical Socialist, probably Acting Foreign Minister Edgar Faure, would be next in line. Faure would have a good chance of resolving the cabinet crisis.